

AMENDED IN SENATE APRIL 9, 2007

SENATE BILL

No. 780

Introduced by Senator Wiggins

February 23, 2007

An act to add ~~Section 750~~ *Sections 750 and 751* to the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 780, as amended, Wiggins. Telecommunications: rates.

~~Existing~~

(1) Existing law authorizes the Public Utilities Commission to supervise and regulate every public utility in the state, including telephone corporations, and to fix just and reasonable rates and charges for the public utility. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund (CHCF-A) and the California High-Cost Fund-B Administrative Committee Fund (CHCF-B) in the State Treasury, and requires that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service and may be expended only to accomplish specified telecommunications universal service programs, upon appropriation in the annual Budget Act or upon supplemental appropriation.

This bill would declare the intent of the Legislature to continue the policy of basing rural telecommunications service rates on urban rates, and to continue the universal service program, in order to keep rural telecommunications service rates at a reasonable level, consistent with and equal to rates in urban areas. *The bill would require that a carrier of last resort, as defined, offer the same rates, terms, and conditions for telecommunications service, as defined, to all subscribers in all*

geographical areas throughout the carrier's service territory, and would require the commission to continue to consider the need for appropriate levels of support through the CHCF-A and CHCF-B to further this policy. Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because the provisions of this bill are within the act, a violation of these provisions would impose a state-mandated local program by creating a new crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 750 is added to the Public Utilities Code,
2 to read:
3 750. The Legislature finds and declares all of the following:
4 (a) Rural telecommunications is critical to the health, safety,
5 and commerce of rural and remote portions of the state and,
6 consistent with the state's universal service policy, rural
7 telecommunications must continue to be affordable and accessible.
8 (b) The Public Utilities Commission's Uniform Regulatory
9 Framework Phase 1 decision (Decision 06-08-030, filed August
10 24, 2006), provides for "deaveraging" of urban and rural
11 telecommunications service rates for both business and residential
12 customers, eliminating a longstanding policy that rural
13 telecommunications service rates be equal to urban rates for a
14 given telecommunications carrier.
15 (c) Although the deregulation of telecommunications service
16 rates included in the Uniform Regulatory Framework is justified
17 on the basis of the existence of competition between
18 telecommunications service providers, competition in rural and
19 remote areas of the state is far less likely to exist.
20 (d) The state has provided rate supports, through the California
21 High-Cost Fund-A Administrative Committee Fund and the
22 California High-Cost Fund-B Administrative Committee Fund, to

1 telecommunications service providers to maintain reasonable rates
2 in rural areas where costs are high in order to provide universal
3 service to consumers.

4 ~~(e) It~~

5 (e) It is the intent of the Legislature to continue the longstanding
6 policy of basing rural telecommunications service rates on urban
7 rates, and to continue the universal service program, in order to
8 keep rural telecommunications service rates at a reasonable level,
9 consistent with and equal to rates in urban areas.

10 SEC. 2. Section 751 is added to the Public Utilities Code, to
11 read:

12 751. (a) For purposes of this section, the following terms have
13 the following meanings:

14 (1) "Carrier of last resort" means an incumbent local exchange
15 carrier or other telecommunications carrier designated as a carrier
16 of last resort by the commission pursuant to General Order 96-A.

17 (2) "Incumbent local exchange carrier" has the same meaning
18 as that term is defined in Section 251 of Title 47 of the United
19 States Code.

20 (3) "Telecommunications carrier" has the same meaning as
21 that term is defined in Section 153 of Title 47 of the United States
22 Code.

23 (4) "Telecommunications service" has the same meaning as
24 that term is defined in Section 251 of Title 47 of the United States
25 Code.

26 (b) Notwithstanding the commission's Uniform Regulatory
27 Framework Phase 1 decision (Decision 06-08-030, filed August
28 24, 2006), a carrier of last resort shall offer the same rates, terms,
29 and conditions for telecommunications service to all subscribers
30 in all geographical areas throughout the carrier's service territory.

31 (c) The commission shall continue to consider the need for
32 appropriate levels of support through the California High-Cost
33 Fund-A Administrative Committee Fund and the California
34 High-Cost Fund-B Administrative Committee Fund to further the
35 policy of subdivision (a).

36 SEC. 3. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

- 1 *for a crime or infraction, within the meaning of Section 17556 of*
- 2 *the Government Code, or changes the definition of a crime within*
- 3 *the meaning of Section 6 of Article XIII B of the California*
- 4 *Constitution.*

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